

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Commonwealth Edison Company	:	
	:	Docket 12-0298
Petition for Statutory Approval of a	:	
Smart Grid Advanced Metering	:	
Infrastructure Deployment Plan	:	
pursuant to Section 16-108.6 of the	:	
Public Utilities Act	:	

**REPLY BRIEF
OF THE
CITY OF CHICAGO**

THE CITY OF CHICAGO
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Pursuant to Section 200.800 of the Rules of Practice of the Illinois Commerce Commission (“Commission” or “ICC”) and the briefing schedule established by the Administrative Law Judge, the CITY OF CHICAGO (“City”) by its attorney, Stephen Patton, Corporation Counsel, submits its Reply Brief in this proceeding.

This brief responds to the arguments and evidence presented in the initial briefs of various parties to this proceeding. Initial briefs or comments were filed by Commonwealth Edison Company (“ComEd”), Commission Staff, several organizations representing ComEd customers, and two commercial vendors of AMI-related services or equipment. They examined diverse aspects of ComEd’s proposed Smart Grid Advanced Metering Infrastructure Deployment Plan (“AMI Plan”), as amended.

ComEd's brief focuses on the narrow statutory requirements of section 16-108.6 of the Public Utilities Act (“PUA”). 220 ILCS 5/1-101 *et seq.* Staff recommended approval of ComEd's AMI Plan is based on a similar review of the plan. The customer representatives,

including the City, focused on the Commission's authority to modify ComEd's filing and on proposed modifications. They explained the need for changes in some areas and suggested ways ComEd's AMI Plan can be improved to achieve the objectives of section 16-108.6. The commercial enterprises -- Comverge, Inc. ("Comverge") and The Technology Network ("TechNet") use the AMI Plan as a means to further their market development, at customer expense. In most instances, the findings and legal conclusions of other parties are consistent with, and often support, the AMI Plan modifications recommended by the City.

ARGUMENT

A. The City's Recommended Modifications Advance the Statutory and Policy Objectives of the Mandated AMI Infrastructure Investments

ComEd's position is that its AMI Plan, as amended in its rebuttal testimony, meets the minimum statutory requirements and, therefore, must be approved. The City does not challenge ComEd's assertion that its Plan complies with those threshold requirements. The City, however, is focused on further advancing the statutory and Commission objectives respecting AMI deployment and on the customer benefits to be gained if the City's recommended modifications are adopted. ComEd supports these objectives.

The first substantive sentence of ComEd's brief succinctly describes the pertinent objective – capturing the potential benefits of this new technology for customers. In its brief, ComEd stated "The General Assembly recognized the huge potential benefits to customers and society of an Advanced Metering Infrastructure ('AMI')." ComEd Br. at 1. The first paragraph of the AMI Plan's Vision Statement (reproduced at page 3 of ComEd's Brief) focuses on how such

benefits could be achieved through AMI infrastructure. There, ComEd stated “The network of advanced meters and communication systems can collect and distribute timely and accurate information to customers and other parties, expanding customer choice, empowering customers to take advantage of new, energy and money saving technologies.” *Id.* at 3.

The Commission has spoken similarly about achieving maximum customer benefits from AMI and Smart Grid deployments. The Commission has even raised the possibility of the possibility of initiating regulatory proceedings (if necessary) “to consider any appropriate actions to take in order to ensure the full realization of the consumer, environmental and societal benefits of the aforementioned grid modernization programs.” Final Order, ICC Docket No. 11-0772, Apr. 4, 2012 at 29 (emphasis added).

The City’s recommended changes to ComEd’s AMI Plan are calculated to make it more likely that those goals are met, by being able to capture -- fully -- the potential benefits of smart meters and other AMI infrastructure. The passages from ComEd’s Initial Brief are fully consistent with the City’s approach in this case.

B. The Commission Has Authority to Order Modifications of ComEd’s AMI Plan

The City agrees with the well-supported interpretation of PUA section 16-108.6 articulated in the brief of the Citizens Utility Board (“CUB”) and the Environmental Law and Policy Center (“ELPC”). CUB-ELPC Br. at 5-6. That interpretation of the statute supports broad Commission authority to modify the AMI Plan. Such authority is consistent with actual achievement of the goals articulated in section 16-108.6 and with the Commission policy aims described above. In this proceeding, the Commission can advance its stated policy that AMI and Smart Grid deployments be designed to maximize customer benefits.

CUB-ELPC argue that already “the ICC has proactively taken on its proper role to maximize benefits from Smart Grid investments.” *Id.* at 6. CUB-ELPC points to the portion of the Commission’s Order in Docket 11-0772, where, when considering the performance measurements at issue in this case, the ICC stated that it “strongly encourage[s] all parties to work together to find ways to ensure that customers receive the maximum benefits of the proposed investments.” Final Order, ICC Docket No. 11-0772, Apr. 4, 2012 at 29 (emphasis added). The legislative objectives ComEd recognizes in its brief (noted above) support broad Commission authority, in “approving or approving with modification” ComEd’s proposed AMI Plan, to achieve the statutory goals . *See* ComEd Br. at 3. Consistently, several parties propose that the Commission modify ComEd’s proposed AMI Plan to increase, and to make more likely, the potential AMI benefits realized by ComEd customers.

The City, the Illinois Attorney General (the “AG”), and CUB-ELPC also conclude that the Commission has continuing authority to make further changes in the AMI Plan. Indeed, the purpose of the performance measurements ComEd accepted as amendments to the AMI Plan is to identify changes needed to improve realization of customer benefits. Reviewing AMI plans under a new statute is a novel task for the Commission. There should be no expectation that all implementation issues (and the answers) will be identified in advance of the first implementation step. The Commission has reached the same conclusion about its authority and stated its readiness to exercise that authority to make changes where required.

At the conclusion of the AMI docket the Commission will request a Staff Report to review the metrics approved in both this docket and in the AMI deployment docket. Based upon that Report the Commission may initiate an investigation to consider any appropriate actions to take in order to

ensure the full realization of the consumer, environmental and societal benefits of the aforementioned grid modernization programs.

Final Order, ICC Docket No. 11-0772, Apr. 4, 2012 at 29.

C. Customers Will Benefit from Faster Deployment

ComEd did not present or analyze the cost-benefit balance of shorter deployment scenarios, which the record evidence shows could reduce the cost of the deployment for customers and increase the benefits customers are able to realize. ComEd only studied its proposed ten-year deployment period. The City noted the conclusion about deployment pace drawn from ComEd's AMI Pilot. City Br. at 16-17. Other parties have undertaken evaluations of alternative deployment periods.

CUB-ELPC presented an extensive review of the evidence favoring faster AMI meter deployment. CUB-ELPC Br. at 15-21. That review included the Smart Grid Advisory Council's recommendation for deployment of Smart Grid infrastructure "in the fastest timeframe possible" that maximizes customer value. CUB-ELPC Br. at 20; ComEd Ex., 7.02 at 7. In addition to the result of ComEd's AMI Pilot evaluation noted by the City, CUB-ELPC also noted evidence from ComEd's more recent analyses that confirm the greater customer benefits of a faster deployment. City Ex., 1.0 at 6; CUB-ELPC Br. at 21.

The AG presented its own extended review of the details of the cost-benefit balance of ComEd's AMI Plan implementation. Several aspects of the AG's analysis are particularly relevant to the Commission's consideration of the deployment period. First, implementation of ComEd's deployment plan will produce no net benefit for customers until 2021. AG Br. at 44. As the City noted, faster deployment would mean that customers with AMI meters could benefit

sooner from their use and that all customers can enjoy benefits from a completed system earlier. Second, customers' opportunities for savings are greater if they have early access to dynamic rates and AMI meters that allow them to capture savings. City Br. at 17; *also see* City Ex. 1.0 at 6:152-8:215.

D. There Is Consensus on Effectiveness Measurements

The Commission and representatives of diverse interests in this proceeding are in accord on the need for measurements of the effectiveness of ComEd implementation of its AMI Plan, as well as its progress on building physical infrastructure. *See* City Br. at 6-7; ComEd Br. at 6-7 (also noting agreement of Staff (at 7)); CUB-ELPC Br. at 7-13, (also noting agreement of Staff (at 13) and prior statements of the Commission (at 12)); AG Br. at 33. In addition several parties agreed on specific additional measurements that ComEd will track and report, to meet that need. *See* City Br. at 6-7; ComEd Br. at 6-7 (also noting agreement of Staff (at 7)); CUB-ELPC Br. at 7-13.

Just as important is the wide agreement that these measurements should be meaningfully employed to identify and guide revision of the AMI Plan as it is implemented. City Br. at 6; CUB-ELPC Br. at 13; AG Br. at 32-33. Consistently, the Commission has signaled its readiness to exercise its oversight authority to effect its stated policy of "full realization of the consumer, environmental and societal benefits [Smart Grid investments]." Final Order, ICC Docket No. 11-0772, Apr. 4, 2012 at 29. The Commission properly intends – and should reasonably expect – to exercise its authority in future AMI Plan proceedings, to enable customers to capture maximum value from the investments they will fund.

In their briefs, parties summarized possible modifications in several areas intended to increase customer benefits. CUB-ELPC detailed specific actions respecting the removal of procedural barriers to distributed generation (“DG”) interconnection. Its proposals require action by both ComEd (lessening redundant requirements and disclosing favorable DG grid locations) and the Commission (revising its interconnection rules). CUB-ELPC at 23-24. And CUB-ELPC contend that it is premature to count on realization of DG benefits unless these barriers are removed. *Id.* at 25. Looking to future wide-spread availability of AMI meters, CUB-ELPC party also argues that an expanded menu of dynamic rate options is required to realize the full benefits of AMI meter deployment. *Id.* Separately, the AG asks that the Commission consider additional tracking measurements that would “ensure[] that AMI does no harm.” AG Br. at 33.

The Commission should be open to such proposals as Illinois’ first experience with this novel process moves forward.

E. There Is a Clear Need for Disconnection Assistance

The AG extensively details problems that may arise from an increase in loss of service incidents through implementation of AMI meters’ remote disconnection capability. AG Br. At 13-14. There is a clearly defined need for AMI Plan modifications that lessen the human customer costs (and increase the net customer benefits) of remote disconnections enabled by AMI meter deployment.

F. Comverge’s Request Warrants Careful Scrutiny

Comverge recommends that the Commission to order -- at ratepayer expense -- additional investment that advances market development that supports its economic interests. Comverge’s request apparently rejects Illinois Statewide Smart Grid Collaborative’s (“ISSGC”) conclusion on

the sharing of the costs of accommodating commercial activities. The City asks that the Commission exercise particular care in its decisions on what, in essence, is Comverge's suggestion that the Commission adopt a ratepayer-funded market development for a commercial entity. Comverge Br. at 11. There is no suggestion in Comverge testimony or its brief that the equipment it proposes to add to the AMI deployment plan -- and to customers' charges -- could not be sold on its merits instead of being compelled at ratepayer expense.

CONCLUSION

For the reasons stated in this brief and the City's Initial Brief, the City of Chicago respectfully requests that the Commission exercise its statutory authority to modify the ComEd's AMI Plan so that it fully meets the effectiveness standards defined by Section 16-108.6. 220 ILCS 5/16-108.6(c). Specifically, the City asks that the Commission order ComEd to amend its Plan to incorporate, at an appropriate level of detail, the changes the Commission finds appropriate -- including, specifically, the modifications recommended by the City in this case. Only then will ComEd's AMI meter deployment and related customer interactions pursuant to its AMI Plan achieve the anticipated customer benefits.

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